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Insurance Company Evils by Mark Humphreys

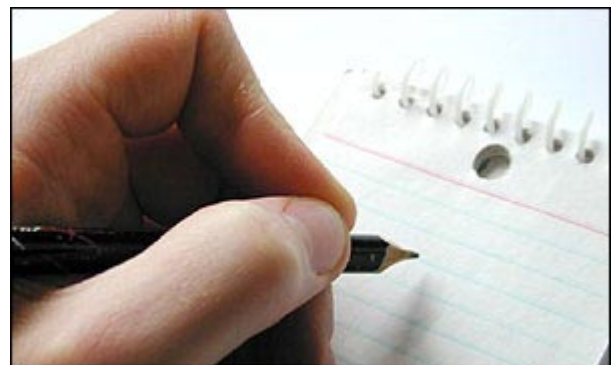
The information provided in this article has been obtained thru experiences in my law practice and thru conversations with insurance agents and adjusters.

There has been a couple of books written and movies produced that talk about “Chapter X” in the insurance claims manual that teaches adjusters how to deny claims. These books and movies are fictional and produced for entertainment purposes. Of course it is the grain of truth contained in the stories that make for the entertainment. In our office we have never heard of or experienced a written “Chapter X” for claims denials. But, I assure you, there are “unwritten” guidelines with insurance companies for adjusters to follow. This information is not provided in the context of a “conspiracy theory”. Rather, this is offered up in the context of how a company / agent makes money and how an adjuster gets his raises, promotions, and pats on the back for saving the company money. In other words, these individual agents and adjusters are simply trying to look out for themselves. We all do that to a certain extent. The problem with them doing it is, they are cheating and breaking the laws that regulate claims handling procedures.

Forgery / Fraud

Forgery - This would occur when your signature or initials are actually forged on

papers you would have signed in the application process. An example where this happens - In Texas, when a person purchases auto insurance, the law requires that the insurance company furnish the person with uninsured/underinsured motorist (UM) benefits. This coverage provides benefits for situations where the insured person (you) have an accident where the other driver is uninsured or the other driver does not have enough insurance to cover the damages. The insurance company is also required by law to provide Personal Injury Protection (PIP) benefits, which is a coverage for medical bills and lost wages. A person who purchases auto insurance in Texas automatically has these two coverages unless the person purchasing the insurance rejects the coverages in writing.



Be very cautious in what you sign. Make sure to read & understand the entire document.

What ends up happening is the agent has the person sign the application for insurance but forgets to have the person sign the “rejection of UM and PIP” coverage.

Later, when a person is involved in an accident and makes a claim for these benefits, the agent discovers they have a signature on the application but the “rejection” was not signed. So, the agent forges the signature or cuts and pastes with a copier to transpose the application signatures onto the rejection forms.

Another example in the auto insurance area is a situation where, for instance, a husband and wife go into an office to buy insurance. Husband might have a previous DWI conviction or too many tickets and if he is on the policy with his wife the rates go too high for them to afford the coverage. So, they buy the insurance under the wife’s name only and sign what is called a “515 exclusion” which says that if anything happens while the husband is driving the car that there is no insurance coverage. What some agents will do is have the “515 exclusion” signed but not put a name on the form naming who is excluded. Later, if a claim is made, the agent will get the name of the driver and if it is someone other than the named insured, (in our example, the wife) they will fill in that persons name. This keeps them from having to pay any money on the claim.

Other games the insurance company plays: Whether it is buying car insurance, homeowners, life, health, or commercial, the agent will ask a lot of questions while they write down your answers on the application for insurance. Next, they push the application in front of you for signature. The problem here is the agent

knows the way the application needs to be answered so that you will get coverage. If you answer in such a way that they know will get coverage rejected, they ignore what you say and answer the way that gets you coverage. They want the sale and the commission. If, later a claim is made, and they know that statistically the odds are against a claim being made, you are accused of fraud and lying on your application because your signature is on it and your claim is denied.

Another game is - Way too many policies have paragraphs and clauses written into them that are not legal or legally enforceable. But the general public (you) does not know. So when you make a claim the insurance company will send you a letter with the clause or paragraph highlighted and using it as the basis or reason for denying your claim.

The thing we see the most often used by insurance companies is, delaying tactics. The purpose of which is to frustrate you so that you give up and go away or you accept less on the claim than you should accept just to get it over with, in other words “wear you out”. This is accomplished in several ways. They usually start out doing this in a pleasant manner, though sometimes they are actually rude. It starts with the first call. Whether they are pleasant or bothered in their tone, you have to look past their words and see what happens.



Learn the games they play. One is the document game. Too many forms!

First, the more obvious ways of frustrating you. Putting you on hold for a long time - they will deliberately do this in hopes you will hang up. You calling and constantly getting voice mails with no immediate return call. Transferring your file to different adjusters. Sometimes giving you incorrect numbers, such as the claim number so that later, the number you are using does not connect with you, then later implying you wrote down the wrong claim number.

Second the less obvious - the ones that seem like they are trying to get your situation handled but guess what Not really. You are asked to mail a document of some sort, usually a bill. You mail it and a few days later, after you have not heard anything you call and they say they have not received it (they really did). You resend the document. Then they ask for another document. Replay previous. Then they ask for another document. By this time, days and maybe weeks are going by. Next, they say "thank you for sending that, now we need - a form filled out, a report taken, a statement, to talk with a witness, or Doctor, or appraiser. More time goes by. Next they ask for a copy of on your tax return. (This is illegal 95% of the time). All the while this is going on you are, 1) inconvenienced, 2) dealing with your job, 3) dealing with your family life, 4) dealing with the loss which is the reason you are making the claim in the first place. You are spending time on the phone and doing the things the insurance adjuster has requested, spending money on postage, sometimes including certified mail, and spending time and efforts trying to get records and copies. AND, you are getting sick and tired on this process. What is especially worse is you know you are being screwed around but you do not

know want to take the time or expense to talk with an attorney for fear of the total costs involved. So, you give up.

When you give up, the insurance company has won. Keep in mind - The business of insurance is a bet. Insurance is playing the odds. The insurance companies have all kinds of statistical tables and charts educating themselves on the odds of them actually having to pay on a claim. From this data on the odds the insurance companies are able to figure how much they can charge you based on the eventually that some claims will be made, and still make a profit. When they pay a claim, they have lost their bet. They do not like losing their bet.



It all boils down to money. They don't want to lose their bet on insurance!

There are laws regulating how insurance companies handle claims. We are familiar with these laws and handle these types of situations against insurance companies on a daily basis. It costs nothing to talk to us and on most cases we can wait until the case is resolved before having the insurance company pay our fees or reimburse you for yours, if you choose to pay up front.

